Article:

Brooks, Sally Heather orcid.org/0000-0002-1005-1245 and Kumar, Arun (2021) Why the super-rich will not be saving the world? : Philanthropy and “privatization creep” in global development. Business & Society. ISSN 0007-6503

https://doi.org/10.1177/00076503211053608

Commentary

Business & Society
1–6

Article reuse guidelines:
sagepub.com/journals-permissions
DOI: 10.1177/00076503211053608
journals.sagepub.com/home/bas
SAGE

Why the Super-Rich Will Not Be Saving the World: Philanthropy and "Privatization Creep" in Global Development

Sally Brooks[1] **and Arun Kumar**[2]

Abstract

Under multistakeholderism, private philanthropic foundations have played an increasingly influential role in global development. As part of which, foundations have promoted what we call "privatization creep" (i.e., mainstreaming market-centric solutions to development). Sidelining redistributive approaches altogether, "privatization creep" favours profit-making over everything else, doing little to "save the world."

Keywords

global development, philanthropy, "privatization creep"

Despite the backlash against the super-rich in the aftermath of the 2008 financial crisis and the large Occupy demonstrations, the underlying optimism about the transformative power of their philanthropy remains undiminished. Nowhere is this transformative power better showcased than in the case of resource-scarce developing countries. In 2017, for example, an article in *The Guardian* credited the Gates Foundation as the driving force behind the delivery of a basic package of vaccines to 86% of the world's children, and saving the lives of 122 million children globally.[1]

[1]University of York, UK
[2]University of Essex, UK

Corresponding Author:
Arun Kumar, University of Essex, Wivenhoe Park, Colchester CO4 3SQ, UK.
Email: a.kumar@essex.ac.uk

The "grand challenge" formulation is another case in point. Inspired by the thinking of mathematician David Hilbert, the Gates Foundation launched their "Grand Challenges in Global Health" in 2003 for investing in path-breaking solutions to complex global health problems framed, tellingly, as *scientific* challenges. Since then, what we might call the grand challenge mind-set has gone mainstream. More recent formulations include UKRI's (UK Research and Innovation, the non-departmental public institution comprising of the various research councils) "Global Challenges Research Fund" that seeks to apply "cutting-edge" research to global development challenges.

While one could critique the downplaying of public health infrastructures and investments in the celebratory coverage of the Gates' Foundation, or how philanthropic foundations are able to dictate resources (e.g., in the case of grand challenges), or direct resources—along with those of its various partners—into challenges that foundations specify and prioritize, there is little doubt about philanthropy's outsized influence.

Leveraging Influence: Foundations and Multistakeholderism

Among others, private philanthropy has extended its influence by steering the evolution of global governance institutions and norms (Kumar & Brooks, 2021). Today, philanthrocapitalism is poised to eclipse the post-war institutional architecture on which global development was designed and delivered and replace multilateralism with "multistakeholderism." Instead of elected governments making decisions on global issues and directing multilateral institutions to implement them, decision making power is shifting to a more fluid and less accountable system of governance that invites stakeholders of various kinds to identify *and* deliver collaborative solutions to global problems (Gleckman, 2018).

As a system of governance, multistakeholderism's rise has been enabled by businesses' voluntary formulation and adoption of "stakeholder capitalism." Championed by the Davos super-rich, stakeholder capitalism promises a three point (and five further sub-points) agenda for transnational corporations in "shared and sustained value creation."[2] Beyond the anodyne promise of transnational corporations to act as stakeholders themselves "together with governments and civil society"—lies their formative power over selecting (or excluding) participants, setting (or not setting) clear standards for regulating conflicts of interest, controlling (or withholding) levels of transparency, and promoting policies and standards that open/widen/deepen markets while bypassing accountability checks (Gleckman, 2018).

Philanthropic foundations have played a central role in the normalization of multistakeholderism as a global governance model, concretely through their involvement in the launch of several multistakeholder initiatives. What is interesting is that this pivotal role cannot be explained by their financial contribution alone, which is frequently overshadowed by that of other stakeholders. The example of the Vaccine Alliance, Gavi, is illustrative. Although the Gavi alliance receives funding from both governments and private and corporate foundations: publicly it continues to be associated primarily with its founder, the Gates Foundation. This is despite governments' contribution having risen from 76% to 82% between 2000 and 2020, while foundations' contributions have dwindled from 24% to 18% over the same period.[3]

This is not a recent phenomenon, however. The groundwork for Gavi was laid in the 1990s when the Rockefeller Foundation was instrumental in establishing a new model of public-private partnership (PPP). Called product development partnerships (PDP),[4] such multistakeholder initiatives now serve as the template for global health efforts, including the International AIDS Vaccine Initiative. The subsequent mainstreaming of the model, engineered and propagated by the Rockefeller Foundation, served to normalize involvement of pharmaceutical industry as a prized development partner on enviable terms (Moran, 2007).

Similarly, in agriculture the Gates Foundation teamed up with the Rockefeller Foundation, architect of the "Green Revolution" of the 1960s and 1970s, to launch the Alliance for a Green Revolution in Africa (AGRA) in 2006. AGRA and its successor programmes have commercialized smallholder farms across sub-Saharan Africa and integrated them into global agribusinesses' operations. The financialization of the value chains has benefitted private agri-business firms, while its policies have induced food insecurity for smallholder farmers (Brooks, 2016).

Starting from an earlier PPP format, then, private foundations have consistently fostered development "partnerships" that have intensified the marketization, and latterly the financialization, of all aspects of global development. In these and several other initiatives, philanthropic foundations shape how development is understood and organized to a degree that far outweighs their financial contribution (see Kumar & Brooks, 2021 for a detailed discussion of institutional mechanisms through which such influence is secured). The result, we argue next, has been a steady "privatization creep" in the trajectory of the field of development.

"Privatization Creep"

Over the last seven decades and more, philanthropic foundations have championed market-centric solutions to global development in what we call "privatization creep." This marries the propagation of institutional innovations of the kind outlined in the previous section with advocacy for the "right" regulatory regime (a light-touch, largely voluntary, with minimal governmental interference) in order to create an "enabling environment" (mostly with a view to incentivizing private players). It has an ideological commitment to a vision of development as a project of individualized self-improvement oriented to the creation of effective (and more) market subjects (Nally & Taylor, 2015). Privatization creep's underlying orientation to development as human capital formation has led philanthropic foundations to invest heavily in promoting market-led solutions to poverty *in preference to* those that involve a redistributive state and/or rights-based civil society.

Trading on their "brand" (and selectively deploying "success stories" and "best examples") and the charismatic power of the super-rich, philanthropic foundations have been able to advance privatization creep through their unique ability (a "free pass" even) to experiment, with minimal scrutiny. And with the arrival on the scene of for-profit foundations like the Omidyar Network, philanthropy is today experimenting with new types of global investment vehicles to enable financial flows among an even wider range of actors in the name of development (e.g., hedge funds, venture capitalists, and insurance and accounting firms, among others). Tellingly named "investment platforms," these vehicles aggregate and direct resources to solutions that claim to "solve" global challenges while promising investors "maximum impact" in return for their contribution—the ultimate win-win proposition.

Distinct from the more familiar "privatization by stealth," which is led by states and engineered via obfuscations, distractions, and sleights of hand; privatization creep is not always hidden from view. On the contrary, organisations like the Omidyar Network are open about their belief in the power of markets, history of funding "economic inclusion" with an ultimate view to "reimagining capitalism."[5] Similarly, the Gates Foundation is clear that of the four ways in which it works include catalysing innovation, promoting multi-stakeholderism, and creating market incentives for firms with a view to "repair the market."[6] The aggregate of foundations' steady trajectory of market expansion, integration, and penetration, privatization creep is gradual and incremental, but no less insidious.

Since the 2008 global financial crisis, privatisation creep in global development has accelerated towards what Carroll (2015) calls the "deep marketisation" of development, in which new synergies are found between macro-level financialization and intrusive technologies for micromanaging poor people towards the "right" financial behaviours (Gabor & Brooks, 2017). An apparently unstoppable consensus that development equals cultivation of market-ready subjects is closing down spaces where, in the past, alternative, civil society-led visions of development centred on the citizen-subject might have been debated and seriously considered (Mitchell & Sparke, 2016).

As demands for resources for global development grow in a world reeling and recovering from the Covid pandemic, we would urge caution and circumspection when it comes to eye-watering claims for the contributions of superelites' philanthropy. Despite their acclaimed role as "innovators" and "disruptors" in global development, the primary outcome of foundations' philanthropy has been, and continues to be, a more conservative and regressive one: the extensification and intensification of the reach of capital into geographies and realms that were hitherto outside it.

Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

ORCID iDs

Sally Brooks https://orcid.org/0000-0002-1005-1245

Arun Kumar https://orcid.org/0000-0003-0064-794X

Notes

1. https://www.theguardian.com/world/2017/feb/14/bill-gates-philanthropy-warren-buffett-vaccines-infant-mortality
2. As outlined in the Davos Manifesto 2020 by Klaus Schwab, Founder and executive Director of the World Economic Forum. See: https://www.weforum.org/agenda/2019/12/davos-manifesto-2020-the-universal-purpose-of-a-company-in-the-fourth-industrial-revolution
3. https://www.gavi.org/news/document-library/annual-contributions-and-proceeds-31-march-2021
4. PDPs arose from the decline in public aid for R&D on "neglected diseases" associated with developing countries on the one hand, and the lack of interest and investment from the private pharmaceutical sector on the other hand. Working as a virtual pharmaceutical firm, PDPs are aimed at incentivizing the development

of medicines and vaccines for diseases that are otherwise neglected by private corporations. By bringing together funding (largely public), scientists' networks, and private firms for clinical trials of promising medicine/vaccine candidates, PDPs such as IAVI are able to *leverage* resources; and so, offer market-based solutions.

5. https://omidyar.com/omidyar-networks-journey/
6. https://www.gatesfoundation.org/about/our-role#jump-nav-anchor2

References

Brooks, S. (2016). Inducing food insecurity: Financialization and development in the post–2015 era. *Third World Quarterly*, *37*, 768–780.

Carroll, T. (2015). "Access to finance" and the death of development in the Asia-Pacific. *Journal of Contemporary Asia*, *45*, 139–166.

Gabor, D., & Brooks, S. (2017). The digital revolution in financial inclusion: International development in the fintech era. *New Political Economy*, *22*, 423–436.

Gleckman, H. (2018). *Multistakeholder governance and democracy: A global challenge*. Routledge.

Kumar, A., & Brooks, S. (2021). Bridges, platforms and satellites: Theorizing the power of global philanthropy in international development. *Economy and Society*, *50*, 322–345.

Mitchell, K., & Sparke, M. (2016). The New Washington consensus: Millennial philanthropy and the making of global market subjects. *Antipode*, *48*, 724–749.

Moran, M. (2007, September 12–15). *Philanthropic foundations and the governance of global health: The Rockefeller Foundation and product development partnerships* [Paper presentation]. 6th Pan–European International Relations Conference, Torino, ON, Canada. https://researchbank.swinburne.edu.au/items/445f1def-29cb-4238-8b99-266c6e866752/1/

Nally, D., & Taylor, S. (2015). The politics of self-help: The Rockefeller Foundation, philanthropy and the "long" Green Revolution. *Political Geography*, *49*, 51–63.

Author Biographies

Sally Brooks is an Honorary Fellow in the Department of Social Policy and Social Work and a member of the Interdisciplinary Global Development Centre at the University of York, United Kingdom. Her research focuses on critical exploration of imaginaries, interventions and institutions of global development. Her latest work can be found in *Economy and Society*, *The Journal of Peasant Studies*, *New Political Economy*, and *Sociologia Ruralis*.

Arun Kumar is a Senior Lecturer at the University of Essex, United Kingdom. He researches the role of business and management in global development and has a particular interest in philanthropic foundations and nonprofit management. His writing has been published in journals such as *Academy of Management Learning & Education*, *Development & Change*, *Economy & Society*, *Enterprise & Society*, and *Journal of Business Ethics.* Twitter: @draykay1.